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STATE PASS TO USAID FOR E. LOKEN AND L. DOBBINS

STATE PASS TO NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN

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SUBJECT: PRIVATE SCHOOLS ATTEMPT TO DOLLARIZE TUITION

SUMMARY

¶11. (SBU) Private schools in Zimbabwe began requesting payment last week in US dollars or British pounds in an attempt to retain teachers and meet rising educational costs. Zimbabwean government officials quickly declared the practice illegal and deployed inspectors to investigate schools and threaten headmasters with arrest. The ban is likely to result in requests for discreet donations and alternative payments in fuel or commodities, or possibly the closure of some schools. More likely, the policy will be changed or exceptions will be made to the ban.

Private Schools Attempting to Bill in Forex

¶12. (U) Nearly all private primary and secondary schools throughout Zimbabwe have begun billing tuition in US dollars and British pounds in an attempt to retain teachers and meet rapidly rising school expenses. The practice quickly gained national attention, as last week, several hundred trust schools*the equivalent of independent schools in the US*and religiously-affiliated schools mailed out letters to parents explaining the change in billing policy. Local independent press cited tuition ranging between US\$300 and US\$800 per term, depending on the school.

¶13. (U) Previously, tuition had always been billed according to a fixed schedule, which at current bank transfer rates, ranges between about US\$8 to US\$28 per term. Schools found these fees to be insufficient to retain staff, provide student meals, and meet utility payments.

&Illegal8 Declares ZANU-PF; Deploys Inspectors

¶4. (SBU) The immediate government reaction*voiced by Esau Ndlovu, the chief of the National Incomes and Pricing Commission (NIPC)*was to declare the practice illegal and deploy inspectors to investigate the identified schools. At the Bishopslea primary school near Harare for example, four intelligence officers from the Zimbabwe's Central Intelligence Office arrived on August 28, ostensibly to determine if the school was billing in forex, according to a Zimbabwean parent of an enrolled child. The school, which was in danger of losing 6 teachers, quickly froze all tuition collections and is now determining how best to proceed. Additionally, Raymond Majongwe, director of the Progressive Teachers Union in Zimbabwe, told poloff that Mugabe's office had sent out security details charged with visiting Harare-area schools and investigating tuition billing practices.

¶5. (SBU) During a local news broadcast on August 2, the Zimbabwean Deputy Minister of Education threatened headmasters with arrest if their schools were billing in foreign currency. An American parent of a child enrolled at the Bishopslea school told us she had spoken with the school headmaster, who confirmed that heads of school were exceedingly nervous about the threats and were convening emergency board meetings.

¶6. (SBU) The currency restriction may not be universally applied across private education in Zimbabwe. Majongwe told us that the police academy in Hatfield (a Harare suburb) was in fact charging tuition in US dollars.

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Schools Likely to Resort Back to &Donations8

¶7. (SBU) Should the NIPC remain adamant that billing tuition in dollars or pounds is in violation of Zimbabwe's foreign currency controls, Majongwe believed schools were likely to resort to discreetly asking parents for &donations8 in hard currency, or alternatively, requesting payment in fuel coupons or even food commodities. This has already been a fairly commonplace occurrence within the private school community, according to Majongwe. Majongwe cited cases where children were asked to bring liters of cooking oil or pounds of sugar and salt, to cover the rising educational costs due to Zimbabwe's runaway hyperinflation.

COMMENT

¶8. (SBU) Strict enforcement of the forex tuition ban could result in the closure of some schools. More likely, since many of these schools serve the children of Zimbabwe's ruling elites, there will be a change in policy or convenient exceptions to the ban. The resort to forex tuition by schools is symptomatic of the increasing dollarization of the economy as businesses and traders find it more and more difficult to operate in Zimbabwe's hyper-inflationary economy. END COMMENT

MCGEE